Ministry of Forests

Woodlot Licence Program

Annual Report

2000–2001

Bulkley Valley Horse Logging • courtesy Woodlot Product Development Council

BRITISH COLUMBIA

Ministry of Forests

About the Woodlot Licence Program

What is a Woodlot Licence

A Woodlot Licence is a legal agreement between the Forest Service and the licence holder that grants rights to manage and harvest Crown timber within the woodlot licence area. Woodlot licences are awarded through an advertised application process. The most suitable applicant is determined by evaluating the following information:

- the applicant's education and personal experience relevant to managing a woodlot licence;
- the amount and quality of private forest land that the applicant is proposing to include in the woodlot licence; and
- commitments as to how the woodlot licence would be managed if the applicant is successful.

In exchange for the right to harvest timber on the Crown portion of the woodlot licence, the licence holder must agree to manage the private land contribution in accordance with provincial forestry legislation such as the *Forest Practices Code of B.C. Act* (the Code). The maximum amount of Crown land that can be included in a woodlot licence is 400 hectares on the coast and 600 hectares in the interior. Any amount of private land can be included in a woodlot licence area.

Woodlot Licence Program Objectives

The objectives for the Woodlot Licence Program are:

- to increase the amount of private forest land under sustained yield* management, and to improve the productivity of that land;
- to improve the productivity of small parcels of Crown forest land;
- to increase the opportunities for private citizens to participate directly in small-scale forest management operations;
- to promote local employment opportunities; and
- to promote excellence in forest resource management.

* *Throughout this document, an asterisk at the end of a phrase or word indicates that a definition can be found in the margin.*

* ***sustained yield*** *— a method of forest management that balances the net forest growth and amount of timber that is harvested from an area.*

In 1948, the *Forest Act* was amended to allow farmers to obtain small areas of Crown forest to manage as farm woodlots. The small size of farm woodlots and the onerous administrative requirements resulted in a very low level of interest in the program. Following the Pearse Royal Commission, the *Forest Act* was amended in 1979 to create a new type of woodlot licence. These woodlot licences were to be larger in area than the old farm woodlots and, unlike farm woodlots which were only available to farmers, woodlot licences would be available to any Canadian resident at least 19 years old, First Nations Bands and small corporations controlled by Canadian residents.

Legal and Regulatory Environment

Before a woodlot licence agreement is signed, the successful applicant must prepare a management plan and receive approval of the plan from the district manager. The management plan contains inventory information about the timber and non-timber resources and recommends an allowable annual cut (AAC)° for the woodlot licence area. In proposing the AAC, the licence holder must provide information on the ability of the forest landbase to produce timber, limitations on timber harvesting to protect non-timber resources, and how the proposed forest management activities will affect the AAC.

Once the district manager has determined the AAC, the licence holder must closely balance the level of harvesting with the AAC during successive five-year periods. Prior to any harvesting or road construction, the holder of the woodlot licence must prepare and obtain approval of operational plans. These plans present maps and information outlining proposed harvesting and road construction, measures for protecting forest resources and the identification of reforestation requirements. Once the district manager has approved the operational plans, the licence holder can then apply for cutting permits° or road permits that authorize harvesting and construction of roads on Crown or private land within the woodlot licence area.

Stumpage° must be paid on all timber harvested from Crown land. All forest management activities on the woodlot licence must be carried out in accordance with approved plans, the Code, the *Forest Act*, and their accompanying regulations.

° *AAC — rate of timber harvest permitted each year from a specified area of land, usually expressed as cubic metres of wood per year.*

° ***cutting permit*** *— a legal document that authorizes the holder to harvest trees under the Forest Act*

° ***stumpage*** *— a fee paid to the government for harvested Crown timber*

Progress During the 2000—2001 Fiscal Year

Program Expansion

Between 1996 and 2000 the Ministry of Forests significantly increased the number of woodlot licences and increased the AAC under the Woodlot Licence Program to over one million cubic metres. Currently the Ministry of Forests is operating under instructions to maintain the number of woodlot licences and only create additional woodlot licences to satisfy specific social or economic objectives. The following table shows the growth in the number of woodlot licences over the years.

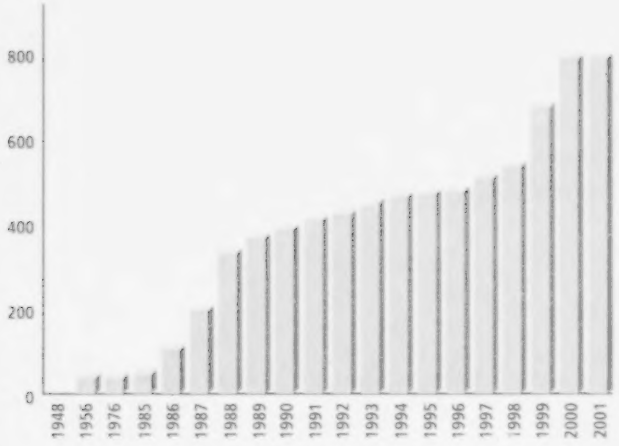

FIGURE 1. Number of Woodlot Licences by Year from 1948 to March 31, 2001.
(Note: Years from 1948 to 1984 are not proportionally distributed along the graph).

During the 2000–2001 fiscal year* the total number of issued woodlot licences increased from 807 to 808 licences. Figure 2 presents the Crown and private land and associated AACs for the woodlot licence program as of March 31, 2001.

* *fiscal year—government fiscal year is from April 1 to March 31 of the following year.*

Region	Number of Woodlots	Private Land AAC (m^3/yr)	Crown Land AAC (m^3/yr)	Total AAC (m^3/yr)	Private Land Area (ha)	Crown Land Area (ha)	Total Area (ha)
Cariboo	149	15,567	187,364	202,931	19,725	85,181	104,905
Kamloops	146	22,979	161,692	184,671	25,358	72,698	98,056
Nelson	101	9,246	99,758	109,004	7,294	55,543	62,837
Prince George	233	34,478	334,420	368,898	24,123	131,578	155,701
Prince Rupert	106	11,765	127,230	138,995	10,914	56,995	67,909
Vancouver	73	22,668	129,860	152,528	5,148	24,281	29,429
March 2001 Totals	**808**	**116,703**	**1,040,324**	**1,157,027**	**92,562**	**426,276**	**518,837**
March 2000 Totals	807	110,396	1,037,574	1,147,970	91,878	418,981	510,859

FIGURE 2. Woodlot Licence Program Summary Report as of March 31, 2001. Source: Ministry of Forests Forest Tenure Administration System.

105-03830/

Figure 2 outlines the woodlot licence AAC by region, and shows that approximately 1,157,000 cubic metres are available for harvest on an annual basis, an increase of 0.8 % from the previous year. This increase is due to the following factors:

- the AAC associated with the six new woodlot licences that were issued during the year exceeded the AAC of the five woodlot licences that were cancelled or surrendered;
- re-inventories and enhanced silviculture on existing woodlot licences that resulted in increases in AAC;
- temporary increases in AAC on some woodlot licences to facilitate harvesting of bark beetle infested stands*;
- increases in the Crown land area on some older woodlot licences to bring the Crown land area up to the maximum legal size (400 or 600 hectares).

During the 2000–2001 fiscal year the total amount of area in woodlot licences increased by 1.6 percent to 518,837 hectares. The private land contributions increased from 91,878 hectares in 2000 to 92,562 hectares in 2001. This net increase of 684 hectares of private land was a result of contributions associated with the six new woodlot licences over the private land that was lost from the five woodlot licences that were cancelled or surrendered. In addition some private exchanges resulted in larger parcels of land being incorporated within woodlot licences.

Private land accounts for 17.8 percent of the total land included in woodlot licences. In comparison private land accounts for only 5.6 percent of the total land within tree farm licences.

Harvesting and Stumpage

Woodlot licences generated approximately $15.2 million in stumpage during the 2000–2001 fiscal year. This is down from the $20.3 million of woodlot licence stumpage that was billed during the 1999–2000 fiscal year. This reduction in stumpage revenue reflects a reduction in Crown harvest volume of 222,235 cubic metres and slightly lower stumpage due to lower lumber prices. The volume harvested and stumpage billed for the Crown land within woodlot licences is provided in Figure 3 below.

* ***harvesting of bark beetle infested stands*** *— a treatment that salvages timber infested with bark beetle by cutting the trees before the value of the stand is lost, and the insects spread to adjacent forests.*

Region	Harvest Volume Billed (m^3)	Stumpage Billed ($)
Cariboo	214,143	1,478,474
Kamloops	203,509	2,650,185
Nelson	142,481	815,482
Prince George	311,677	6,232,052
Prince Rupert	178,113	2,192,772
Vancouver	203,457	1,837,383
Provincial Total	**1,253,380**	**15,206,348**

FIGURE 3. Harvest and Stumpage Summary for the Woodlot Licence Program – April 1, 2000 to March 31, 2001.
Source: Ministry of Forests – Revenue Branch Billing History Report.

Program Costs

Administration and management of the Woodlot Licence Program falls within the responsibility of the Ministry of Forests. Support centres include various branch offices located in Victoria, 6 regional offices and 40 district offices. The branch offices are responsible for policy development and administration on a provincial basis. Regional centres assist in the development of regional priorities, programs and procedures and are a resource for the districts. The district centres work directly with the woodlot licence holders and deliver the program objectives.

The following map locates the six forest regions in the province.

FIGURE 4. Forest regions. Source: Resource Tenures and Engineering Branch mapping files.

During the 2000–2001 fiscal year, the estimated cost to deliver the program provincially was $4.5 million. Program delivery costs were obtained from a survey of eight districts (at least one from each region), the six regional offices, and branch offices in Victoria. From the district survey results, a district average cost per woodlot licence was determined and applied to the total number of woodlot licences.

Estimated Provincial Costs (in thousands of dollars)

Location	Number of Woodlots	Salary	Office	Transport	Train and Support	Contract	Total Cost
Districts		3,320.4	325.8	119.8	20.1	1.2	3,787.3
Regions		312.3	35.0	5.5	5.3	0.0	358.1
Branch		239.5	20.8	19.2	64.0	27.3	370.8
Total	**808**	**3,872.2**	**381.6**	**144.5**	**89.4**	**28.5**	**4,516.2**

FIGURE 5. Summary results and estimates of program cost based on cost survey completed June 2001.

The final estimated cost of $4.5 million represents approximately 29.7% of the stumpage billed from woodlot licences. These costs are down from the 1999–2000 fiscal year due to the fact that many of the new woodlot licences have approved plans and cutting authorities for their 5 year cut control periods. The Forest Service cost to administer a woodlot licence is highest during the establishment of the new licence, the approval of the initial management plan and first forest development plan and the issuance of associated cutting authorities. Once the cost to establish a new woodlot licence and issue harvesting authorities has been incurred, the cost to administer the woodlot licence decreases significantly.

The following figure provides a comparison of the costs within the context of the total stumpage billed from woodlot licences for the 2000–2001 fiscal year. This figure shows that the woodlot licence program contributed $10.7 million of net revenue to the government.

Proportion of Stumpage Required to Deliver the Program in Fiscal Year 2000–2001.

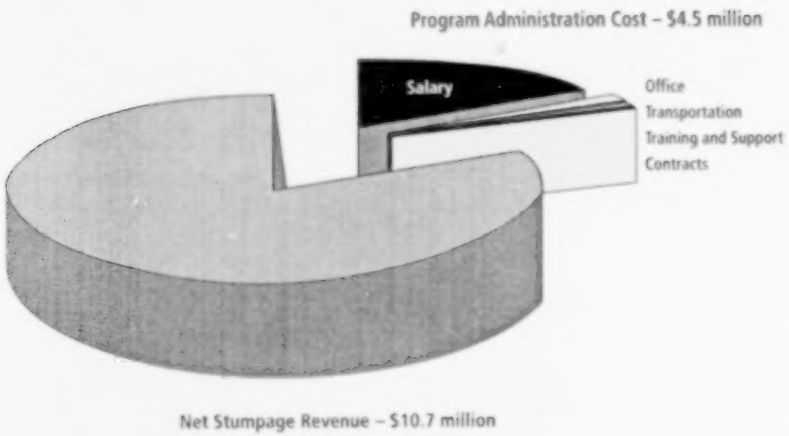

FIGURE 6. Total stumpage billed from woodlot licences compared to amount of revenue required by Ministry of Forests to administer the Woodlot Licence Program.

Harvesting and Silviculture Activities

Based on annual reports submitted by woodlot licensees[1], 6,302.3 hectares of harvesting was reported on woodlot licences for the year 2000. As illustrated in Figure 7, the majority of harvesting on woodlot licences involves silvicultural systems other than clearcutting that are often designed to encourage natural regeneration, maintain visual quality or conserve non-timber resource values.

Summary of Harvesting Activities

Silvicultural System	Area (ha)	Description
Clearcut	637.4	The removal of a stand of trees in a single harvesting operation.
Clearcut with Reserves	2,041.9	A variation of clearcutting where some trees are retained (usually in small groups) for purposes other than regeneration.
Seed Tree	81.1	Harvesting where single trees or small groups of trees are left standing after the initial harvest to provide a source of seed for natural regeneration.
Shelterwood	533.5	The harvesting of a stand of trees in a series of cuts designed to achieve even-aged regeneration under the shelter of remaining trees.
Selection Cut	2,317.4	Periodic harvesting that removes some of the mature trees, either as single scattered individuals or in small groups, and creates a stand of trees of different sizes and ages.
Intermediate Cutting	242.5	The removal of trees from a stand before the final harvest where the majority of the stand volume is not removed.
Patch Cut	186.0	A silvicultural system which creates even-aged openings of <1 ha.
Undefined	262.5	Areas where a silvicultural system was not specified.
Total Harvesting	**6,302.3**	

FIGURE 7. Summary information from woodlot licence annual reports for 2000 calendar year. (June 2001).

Based on annual reports submitted by woodlot licensees, Figure 8 identifies the silviculture activities that were reported for the 2000 calendar year. Over 3,631,400 tree seedlings were planted on woodlot licences during the year. There was a significant increase in reported silviculture activities on woodlot licences in the year 2000 compared to 1999 (9,352.5 ha of activity in 2000 versus 7,907.9 ha in 1999).

Of the 9,352.5 hectares of silviculture treatments, 1,719.2 hectares were carried out on private land within woodlot licences. Of the silviculture treatments on private land, 827 hectares were funded entirely by woodlot licensees and 892.2 hectares of treatments were 50% funded by Forest Renewal BC. It is encouraging to see increasing levels of silviculture activities on woodlot licences and in particular the voluntary investment in enhanced silviculture on the private land within woodlot licences.

[1] *Note: Fourteen of 807 woodlot licensees had not submitted their annual reports by the time these statistics were compiled.*

Summary of Silviculture Activities

Silviculture Activity	Area (ha)	Description
Site Preparation	1,088.1	The creation of a favourable environment for the establishment and initial survival of regeneration.
Planting	3,329.0	The establishment of trees by planting seedlings, transplants, or cuttings.
Regeneration Assessment	2,014.0	A field assessment that checks whether or not sufficient trees have been regenerated.
Free Growing Survey	1,111.5	A field survey that checks whether or not a free growing stand of trees has been established in accordance with the specifications in an operational plan.
Stand Tending	1,809.9	Activities such as thinning, spacing, brushing, pruning or fertilization.
Total Silviculture Activity	**9,352.5**	

FIGURE 8. Summary information from woodlot licence annual reports for 2000 calendar year. (June 2001).

Ownership of Small Timber Processing Facilities

For 20 years, woodlot licence holders were not eligible to own timber processing facilities°. In June 1999, the *Forest Act* was amended to allow woodlot licensees to own small timber processing facilities providing the district manager is satisfied that good forest management is being practised on the woodlot licence area. Approximately 15 woodlot licensees were authorized to operate small timber processing facilities in 1999. Approximately 15 additional licensees were authorized to operate small timber processing facilities in the year 2000. The products produced include high value posts and beams, timbers, rough lumber for agricultural purposes, deciduous lumber for furniture and other material for value added manufacturing.

Auditor General's Report

In September 1999, the Auditor General of British Columbia released a report assessing the Woodlot Licence Program. The overall conclusion of the report was that the Ministry of Forests manages parts of the program reasonably well but needs to make improvements to ensure that the program's objectives are achieved.

The report made the following recommendations to improve the program:

- develop a clear policy on the transfers of woodlot licences;
- apply cut control° policy more consistently;
- continue to simplify and streamline woodlot licence administration;
- improve the application evaluation process for new woodlot licences;

° ***timber processing facility*** — *a facility that processes timber or wood residue or both.*

° ***cut-control*** — *a set of rules that describes the allowable variation in the periodic harvest rate, either above or below the AAC.*

- ensure that the application category weightings comply with policy;
- ensure the 30-day review process for applications is applied fairly;
- ensure that licence holders meet their forest management obligations;
- develop an evaluation framework to assess the program's performance;
- develop a long-term vision and strategic plan for the program;
- collect costs attributable to the delivery of the program; and
- develop an annual report of the program's performance to stakeholders and Legislative Assembly.

The ministry has either completed or is working diligently to achieve the recommendations of the Auditor General.

Policy on the Transfer of Woodlot Licences

To satisfy one of the Auditor General's recommendations, the ministry has completed a draft policy on woodlot licence transfers after extensive consultation and discussion with stakeholders and Forest Service staff. The Minister of Forests is presently considering the draft policy.

On March 15, 2001, the Minister delegated authority to provide consent for most woodlot licence transfers and dispositions of private land associated with woodlot licences to the regional managers. This delegation significantly streamlines this aspect of woodlot licence administration.

Streamlining of Administrative Requirements

With the enactment of the Forest Practices Code in 1995, woodlot licence holders have struggled with the more onerous administrative requirements. During 1998 a significant streamlining process was undertaken by reducing management plan requirements under the *Forest Act* and introducing the Woodlot Licence Forest Management Regulation. This streamlining process has successfully reduced administrative requirements and is estimated to have saved woodlot licence holders up to $2.00 per cubic metre.

On February 26, 2001, 34 pages of amendments to the Woodlot Licence Forest Management Regulation were approved in order to maintain consistency with major licensee Forest Practices Code regulations and provide additional streamlining for woodlot licensees. Amendments to the *Forest Act* were also passed in the legislature on June 12, 2000, to provide woodlot licensees with more flexible five-year cut control requirements.

The ministry is also working with the Federation of BC Woodlot Associations on results-based pilot legislation that would allow a select group of woodlot licence holders to test innovative ways to simplify operational planning and increase the woodlot licence holder's freedom to manage. In addition, an area-based AAC trial is being established to allow a select group of woodlot licences to operate with an AAC expressed in hectares per year rather than cubic metres per year.

Certification

During the 2000–2001 fiscal year, one additional woodlot licence received Forest Stewardship Council certification. Additional woodlot licensees are investigating group certification while many are adopting a wait and see attitude.

Conclusion

During the year 2000 the Forest Service continued to improve the legislation, policy and procedures that govern the administration of the woodlot licence program. Work is also proceeding on the Auditor General's recommendation to conduct more monitoring of woodlot licence obligations and ensure that the program meets the government's objectives.

Despite the fact that the demand from log buyers for woodlot licence timber was low in most of the interior of the province, the Crown harvest volume in the 2000–2001 fiscal year was slightly more than the total AAC for the program.

Woodlot licences are providing publicly acceptable small-scale forest management in community interface areas where many members of the public do not want large industrial forestry. The demand for additional woodlot licences appears to be high as evidenced by a substantial number of enquiries at Forest Service district offices.

BRITISH
COLUMBIA